



Donald L. Carcieri
Governor

NEWS

Office of the Governor

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CARCIERI CREATES NEW OFFICE TO COORDINATE STATE ENERGY POLICY

Unveils Five-Point Strategy to Reduce Energy Costs and Increase Supplies

Governor Donald L. Carcieri today signed an executive order creating Rhode Island's first Chief Energy Advisor to the Governor, who will be in charge of coordinating state energy policy and overseeing the State Energy Office. The Governor named Andrew Dzykewicz to fill the new position, and charged him with enacting a five-point energy agenda designed to help Rhode Island families and employers safely access affordable energy supplies.

The Governor's energy agenda focuses on increasing the availability of liquefied natural gas in Rhode Island; reforming the electric energy market; addressing the needs of low-income families, securing renewable energy resources, and conducting an energy audit of state government.

In creating the new office, Governor Carcieri noted that Rhode Island families and employers are facing unprecedented increases in energy costs. The Governor said that addressing rising energy costs will require a holistic and fundamental reform of the way Rhode Island consumers access and use energy. The Governor also pointed to the need to continue to ensure that low-income Rhode Islanders have access to the energy they need to heat their homes through the winter months.

"Rising energy costs not only threaten our economy and our state's competitiveness but also greatly impact the pockets of Rhode Islanders, especially those on fixed incomes," Governor Carcieri said. "Everyone is feeling the pinch. It's imperative that we take action now to bring costs down. Throughout the course of my administration, I have made it a top priority to address the rising costs of energy in our state."

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“While we all know that skyrocketing energy costs are a national problem that require a national solution, Rhode Island must do its part to lower energy prices for its citizens and employers,” Carcieri continued. “That’s why I am unveiling a multifaceted plan today which will enable us to expand energy supplies, reduce energy costs, and promote conservation and the use of renewable sources.”

“Today, I am issuing an Executive Order which will restructure the State Energy Office under a new Chief Energy Advisor, and enable me to launch this comprehensive energy strategy,” the Governor said. “I have charged Andy Dzykewicz, my new Chief Energy Advisor, with increasing the availability of liquefied natural gas; reforming the electric energy market; addressing the needs of low-income families, securing renewable energy resources, and conducting an energy audit of state government.”

“All told, these reforms will decrease energy prices for Rhode Island families and employers alike,” Governor Carcieri concluded. “And by increasing energy conservation and the use of renewable energy, this plan will enable Rhode Island to become a better environmental steward. I am confident that my new energy plan will help us build upon the momentum we’ve gained in addressing energy costs in Rhode Island.”

Andrew Dzykewicz is currently a Senior Project Manager at the Rhode Island Economic Development Corporation (RIEDC), focusing on energy issues. As the former President of Energy Solutions Rhode Island, Inc. from 1996 through 1997 and of Quonset Energy Associates, Inc. in 1995, and as Chief Power Engineer of Maguire Group Inc. from 1987 to 1995, Dzykewicz has significant experience in the field of energy policy in Rhode Island.

“Each and every one of us is faced with sticker shock when we open our electric bills, our gas bills, or fill our heating oil or gasoline tanks,” the Governor’s new Chief Energy Advisor Andrew Dzykewicz said. “This situation is particularly difficult for our citizens on fixed incomes – our elderly, our disabled, and our working poor. The businesses that provide our employment feel the burden of ever-increasing energy costs as much as we do as individuals. Rhode Island must meet these challenges, and overcome them. There are no easy answers – there is no magic wand we can wave to make high energy prices go away.”

“The Governor today announced a set of five initiatives that the Carcieri administration will pursue to alleviate our energy cost burden,” Dzykewicz continued. “It will be my job to ensure that this plan is carried out.”

Governor Carcieri’s Energy Agenda:

Governor Carcieri’s energy agenda is designed to significantly increase access to energy resources, while lowering energy costs, increasing energy conservation and ensuring an energy safety net for low-income Rhode Islanders. The Governor’s energy strategy includes five points:

1. *Increase Natural Gas Supplies:* The Governor plans to increase Rhode Island’s supplies (and thereby lower the cost) of natural gas by supporting the regional siting of Liquefied Natural Gas (LNG) terminals that can feed the Rhode Island market. A number of LNG facilities are already under construction in Eastern Canada. Once online, these facilities will expand Rhode Island’s natural gas supplies, while avoiding the dangers posed by efforts to site LNG terminals in densely populated areas along Narragansett Bay.

2. *Reform Electric Energy Market:* In testimony before the Rhode Island Public Utility Commission and in communications to the Federal Energy Regulatory Commission (FERC), Governor Carcieri has pointed out that the current pricing mechanism for electricity is driving energy prices above reasonable rates for Rhode Island consumers. The Governor proposes to work with the FERC to reform the electricity market to ensure that Rhode Islanders do not pay inflated prices for electricity.
3. *Assist Low-Income Rhode Islanders:* Low-income Rhode Islanders have been particularly hard-hit by rising energy costs. In October 2005, Governor Carcieri called on the General Assembly to return to the State House to approve a proposal to create a state program to help low-income Rhode Islanders pay their energy bills. This program would supplement assistance from the federal Low Income Home Energy Assistance Program (LIHEAP). The new Senior Advisor on Energy Policy has been tasked with winning General Assembly approval of the Governor's effort to help Rhode Island's most vulnerable citizens. As importantly, success with increasing natural gas supply and reform of the electric market structure will lower all customers' utility bills, providing real relief to our low-income citizens.
4. *Increase Use of Renewable Energy:* Governor Carcieri strongly believes that Rhode Island must seek progressive, environmentally-friendly ways to supplement its traditional energy sources. The State Energy Office and the Rhode Island Economic Development Corporation have begun to collaborate on a project designed to facilitate the development of wind power. The Governor hopes that this wind power project will eventually provide 15 percent of the state's energy needs.
5. *Perform Statewide Energy Audit:* Governor Carcieri also believes we must promote energy conservation throughout Rhode Island. Rhode Island state government is a significant consumer of electricity and natural gas. The Governor has directed the senior energy advisor to undertake an audit of state energy use in order to identify inefficiencies and to develop and implement strategies to reduce energy consumption.

Taken together, these five reforms should significantly decrease energy prices for Rhode Island families and employers, while helping Rhode Island become a better environmental steward through more thoughtful energy consumption and increased use of renewable energy.

Governor Carcieri's Energy Policy Record:

Governor Carcieri has consistently acted to increase and conserve Rhode Island's energy resources while helping Rhode Island consumers deal with high energy costs.

Governor Carcieri has worked with Governors and Premiers in Rhode Island's neighboring states and Canadian provinces to develop a regional approach to the siting of liquefied natural gas facilities. While the Governor has opposed the concept of locating a marine LNG terminal in the densely populated Port of Providence, or in Fall River, Mass., he has had numerous discussions with federal, state, and Canadian officials regarding Rhode Island's potential for accessing LNG from Canada. Two new LNG terminals are currently under construction in New Brunswick and Nova Scotia. When completed, these facilities, and others currently under consideration, will help increase Rhode Island's supplies of natural gas without posing the same serious safety, security and environmental threats as the proposed KeySpan and Weavers Cove projects.

In August 2005, Governor Carcieri issued two Executive Orders designed to protect Rhode Island's environment and reduce energy needs by maintaining and increasing the energy efficiency of state buildings and the state motor vehicle fleet. The Executive Order on Green and Clean State Vehicles will reduce fuel consumption, improve fuel efficiency above current federal standards, reduce pollution emissions, and ensure that taxpayers get the best overall value on the purchase of state vehicles. The Executive Order on Energy and Environmental Performance Standards for New Public Buildings could save Rhode Island taxpayers \$39 million in operating costs over the next 15 years, while helping preserve the environment, and promoting a healthier workplace for public employees.

In September 2005, Governor Carcieri wrote to President Bush and Congress to ask them to approve \$1.276 billion in emergency funding for the federal Low Income Home Energy Assistance Program (LIHEAP). The Governor also asked Congress to increase regular funding for LIHEAP in the spending bills for the new fiscal year. Since that time, the Governor has repeatedly renewed his request for increased LIHEAP funding. The President recently responded to Governor Carcieri and others' requests by releasing \$100 million in emergency LIHEAP funding.

Governor Carcieri has also worked to slow the rate of growth in energy prices in Rhode Island. On September 23, 2005, Governor Carcieri personally appeared at a hearing of the Public Utilities Commission (PUC) to testify against a Narragansett Electric request to increase electricity rates by 24 percent. The Governor argued that the PUC should delay consideration of a rate increase until it can be determined if and when the affects of Hurricane Katrina on the energy supply market would subside.

On October 4, 2005, Governor Carcieri proposed the creation of a special emergency assistance fund to supplement the federal LIHEAP program, and to help the most vulnerable, low-income Rhode Islanders pay their heating bills this winter. Under the Governor's plan, the emergency assistance program would be funded with surplus revenue from the gross earnings tax on electricity and natural gas. This fund would be primarily designed to enable low-income elderly and disabled residents to obtain additional home heating assistance once their federal LIHEAP grant is expended.

In a November 18, 2005 letter to the Federal Energy Regulatory Commission (FERC), Governor Carcieri argued that flaws in the regulation of the energy market have led to inappropriate windfall profits for many energy producers, at the expense of bill-paying consumers. He urged the FERC to re-examine how it regulates the energy market in order to eliminate these types of windfall profits and to protect consumers.

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